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per Memo to DDCI/TSCo fr OC/TSCo
dated 5 Apr 68

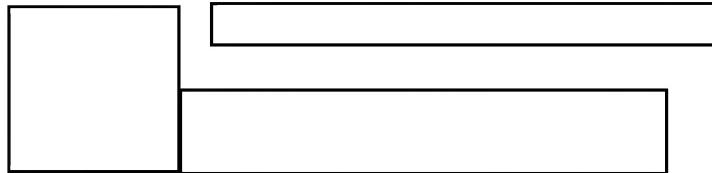
Accounting 11
(1958 files)

MEMORANDUM FOR: Deputy Director (Support)
SUBJECT : Plans for Completing Implementation of
Financial Property Accountability
REFERENCE : Your memorandum of 14 November 1957 to
Comptroller and Director of Logistics -
Subject: Financial Property Accountability

1. This memorandum is for informational purposes only. Its purpose is to set forth plans (with target dates) for completing the establishment of financial accounting procedures over Agency property at all locations. This memorandum also identifies and describes the further development of the property accountability system considered necessary to form a basis for controlling uses of property by Agency projects and activities and to properly support the cost-based budget to be made effective by the Agency for Fiscal Year 1962 under Public Law 863 - 84th Congress.

2. While as indicated in paragraph 2 of reference a great deal is yet to be accomplished in the further implementation of financial accounting procedures for property and in improving such procedures currently in effect, it should be pointed out that a very large percentage of all Agency property is currently subject to such procedures. Procedures for financial property accountability have been implemented and are in operation to cover all property under Office of Logistics control within the continental limits of the United States and to cover property at most field locations at which substantial property assets are held, as listed below:

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The book value of property covered by FPA as of 31 October 1957 totaled approximately [redacted]. Additional locations at which substantial property inventories are held have been scheduled for early implementation of FPA, including the Commo geographical areas [redacted]. As set forth below, however, positive target dates are now being established for all inventory locations not yet covered by FPA procedures.

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a. Overseas Field Locations Following Class A Accounting and Reporting Procedures:

The procedure prescribed by [redacted] Financial Accounting Procedures for Property (Manual Method) will be established in all overseas stations following Class A Accounting and Reporting Procedures [redacted]

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[redacted] Under this procedure the financial accounting controls for property will be maintained by the Station Finance Officers. Tab A shows the extent to which the FPA procedure has been made effective at all such stations and plans (with target dates) for extending application of the procedure to the remainder. A simplified adaptation of the procedure prescribed [redacted]

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[redacted] will be made effective at such locations designated as Class III Accountable Stations and authorized to apply the proposed [redacted]. In summary, FPA procedures have been established to cover property at 13 locations, communications have been released requesting implementation at 5 locations, and action will be taken to effect implementation at 11 additional locations between 1 January and 30 June 1958, or as soon as [redacted] available.

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b. Overseas Field Locations Not Following Class A Accounting and Reporting Procedures:

- (1) In order to simplify the procedure for financial property accounting as it applies to field stations to which finance officers have not been assigned, the financial accounting controls for property at such locations will be maintained at headquarters in the Finance Division of the Office of the Comptroller. All such field locations will be desig-

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nated as Type III Accountable stations and required to maintain the simplified property accountability procedures

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(2)

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Once available, establishment of the procedure will be initiated as rapidly as possible; however, the view has been expressed from two area divisions that a qualified logistics or finance specialist should visit each station at which the procedure is to be installed to assist in its implementation. If this treatment were to be applied, the complete implementation would probably require a full fiscal year after the procedure is available; however, it is believed in some locations the procedure can be implemented by the transmittal of detailed instructions to the stations with follow-up visits by auditors or others at a later date.

(3) Tab B shows the field locations at which the accountable procedure will be made effective, together with target dates for implementation.

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c. Miscellaneous Property Inventory Activities

Tab C identifies several miscellaneous property inventory activities that either must be brought under FPA or for which some change in the present basis of property control is under consideration.

3. As recognized, in part, on the attachment to reference titled "FPA and Related Financial Management Improvement Tasks", there are a number of tasks of importance which are either in process or scheduled for early attention to provide for improved financial property accountability in the Agency. These are discussed in some detail hereinafter to specifically indicate the problem and establish target dates for accomplishing necessary policy determinations and the issuance of required procedural changes.

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a. Establishment of Stock Revolving Account

- (1) To improve controls over uses of property by Agency activities, some form of stock revolving account is considered desirable. The property authorization control procedure established at headquarters beginning on 1 July 1955 to provide control over projects and other Agency activity approvals so that no project or activity would use Agency resources (appropriated funds or property from inventories) in excess of the amount approved under the Agency approval system has served the purpose for which intended insofar as the procedure has been applied; however, this procedure has been the subject of considerable objection from operational components at headquarters because of the work inherent in its maintenance and for this reason has not been extended to apply to field areas. Consequently, it has not fully accomplished an adequate control over uses of resources within activity approvals.
- (2) The establishment and operation of some form of stock revolving account within the Agency would alleviate the need for separate property authorization control procedures at headquarters and the field. The operation of a stock revolving account basically requires the continuous availability for stock replenishment purposes without regard to fiscal years, of funds transferred to the account from allotments of using activities; accordingly, the establishment of this technique has not been considered feasible without separate authorizing legislation or agreement by the Committees of the Congress that Agency funds can be considered as "no year" funds. Since the Bureau of the Budget has agreed to recommend to Congress that Agency funds be treated as "no year" beginning with fiscal year 1959, it is now contemplated that a stock revolving account should be established effective as of 1 July 1958 or as soon thereafter as approval by the Congress of the use of Agency funds on a "no year" basis is obtained.

b. Revision of FPA Procedures for Costing "In Use" Property

- (1) While using projects and activities are costed at time of issue for expendable property issued to them,

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present FPA procedures do not provide for identifying to projects and activities the cost of non-expendable property made available for their use except when such property is to be released from Agency control under an operational certificate.

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- (2) A procedural revision [redacted] will be issued (target date 1 July 1958) to provide for appropriate charges to project and activity costs for non-expendable property placed in use in conformance with the cost-based budget procedure requirements of the Agency's Program for Improvement of Financial Management.

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c. Revision of FPA Procedures to Cover Investments in Plant and Plant Equipment:

At present Agency investments in real estate and improvements to real estate are determined for financial reporting purposes by a periodic summarization of memorandum real estate reports maintained in the Office of Logistics. The FPA records at headquarters and field locations will be expanded (target date 1 July 1959) to include financial accounting and control over investments in plant and plant equipment.

d. Revision of Agency Material Documentation to Conform With Requirements of FPA Procedures:

Materiel documents for processing inventory receipts, issues, adjustments, etc. are being revised to provide columns for extensions and footings for total values and spaces for transaction coding to facilitate their use in the FPA procedure. These revisions are included in the revised [redacted] Procedures for Type I and II Accountable Stations now in process of finalization in the Office of Logistics.

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e. Issue Simplified FPA Procedure for Small Stations:

As discussed in paragraph 2, above, a separate [redacted] is now in process of coordination with DD/P, DD/I and IG to provide simplified field supply procedures for Type III Accountable Stations. Under this procedure the financial accounts will be greatly simplified and maintained at headquarters except for stations at which a qualified finance officer is located. (See Tab B.)

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f. Integrate FPA and Station Finance Accounting Procedures:

25X1 [redacted] now prescribe the accounting procedures required to be followed in field stations staffed with qualified finance officers designated by the Office of the Comptroller at headquarters. These [redacted] are:

25X1A [redacted] Class A Accounting and Reporting Procedures

[redacted] Financial Accounting Procedures for Property (Manual Method)

In order to further simplify the accounting at these stations a single integrated procedure has been drafted and will be issued as soon as feasible (target date 1 July 1959).

4. It is suggested that progress reports be prepared and forwarded to you on this subject as of the close of each calendar quarter, the first report to be as of 31 March 1958. A summary chart showing the target dates set forth in this memorandum appears on Tab D.

[redacted]

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Deputy Comptroller

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Acting Director of Logistics

Attachments: 4

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